



FOR IMMEDIATE RELEASE

ENRD

MONDAY, APRIL 9, 2001

(202) 514-2008

WWW.USDOJ.GOV

TDD (202) 514-1888

KOCH PLEADS GUILTY TO COVERING UP ENVIRONMENTAL
VIOLATIONS AT TEXAS OIL REFINERY

WASHINGTON, D.C. - Koch Petroleum Group, L.P. pled guilty today to covering up environmental violations at its oil refinery in Corpus Christi, Texas.

Under the plea agreement, Koch will pay a total of \$20 million dollars: \$10 million in criminal fines and \$10 million for special projects to improve the environment in Corpus Christi - a record amount imposed in an environmental prosecution. The plea agreement, filed today in U.S. District Court in Corpus Christi, also requires that Koch successfully complete a five-year term of probation and adhere to a strict new environmental compliance program.

Federal grand juries returned an indictment against the company in September 2000 and a superceding indictment in January 2001, and a jury trial on the federal charges was scheduled to begin today in Corpus Christi. The company was charged with criminal violations of the Clean Air Act as well as conspiracy and making false statements to the Texas Natural Resource Conservation Commission.

"Environmental crimes are real crimes that must be identified and prosecuted," said John Cruden, Acting Attorney General for the Environment Division at the Justice Department. "Significant results such as today's conviction should deter other corporations from violating the law. This result is a tribute to the State of Texas and federal investigators who developed this case."

The company's West Plant refinery is subject to Clean Air Act regulations that limit emissions of benzene, a hazardous air pollutant. Under the Act, the West Plant was required to comply with the federal benzene standards by April 1993, but Koch applied for and received a compliance waiver until January 1995. According to the original indictment, a whistleblower revealed that Koch's West Plant had at least 91 metric tons of uncontrolled benzene in its liquid waste streams in 1995, some 15 times greater than the 6 metric ton limit that applied to the refinery.

Koch admitted that it concealed its noncompliance with the requirements of the Clean Air Act in 1995 by, among other things, failing to control emissions from certain waste management units at the refinery. Specifically, in January 1995, Koch certified that it had installed equipment necessary to control benzene-contaminated wastewater and then, without notifying the State of Texas or the U.S. EPA, disconnected a critical oil-water separator used to control benzene emissions. Koch then constructed a line to bypass the control equipment and built a stack to vent benzene vapors from the oil-water separator into the atmosphere. In addition, in April 1995, Koch filed a report that concealed the fact that the

separator was venting benzene vapors to the atmosphere and falsely stated that the company had tested for benzene in certain waste streams.

"The Texas Natural Resource Conservation Commission takes very seriously its responsibility to enforce all environmental laws to protect public health and the environment," said TNRCC Executive Director Jeff Saitas. "We will continue to work closely with state and federal task force members on environmental criminal matters."

The case was investigated by the Texas Environmental Enforcement Task Force, comprised of federal and state agencies, including the FBI, the EPA's Criminal Investigation Division, and the TNRCC's Special Investigations Unit. The case was prosecuted by the Department of Justice Environmental Crimes Section and the U.S. Attorney's Office.

###

01-153